

MINUTES

Meeting of March 30, 2007
Kenneth Hahn Hall of Administration, Department Room 374-A
500 West Temple Street, Los Angeles, CA 90012

Commissioners Present: Barry R. Binder Esq., Bob L. Blake, Glenn S. Brown J.D., William K. Callagy, Helene S. Lohr, LUTCF, Scott J. Svonkin

Commissioners Absent: Michael G. Cheung, Daniel Falcon, Patricia Torres Esq., Steve Vicencia, CPCU

CALL TO ORDER

Noting a quorum was present, Chairman Svonkin called the meeting to order at 10:10 a.m.

APPROVAL OF FEBRUARY 20, 2007 MEETING MINUTES

On motion of Commissioner Binder, seconded by Commissioner Brown and unanimously carried, the February 20, 2007 meeting minutes were approved.

CHAIRMAN'S REPORT

Chairman Svonkin welcomed Commissioner Price and noted that he is the second Commission on Insurance Commissioner to be elected to higher office; Commissioner Claude Parrish was elected previously to the State Board of Equalization.

Commissioners were asked to voice interest in participating on existing Sub-Committees (copy on file). Staff was directed to ensure that all Commissioners have parking permits; tally the interest of Commissioners on Sub-Committees; and to follow-up on health care legislation.

Chairman Svonkin reported that he is in receipt of correspondence that alleges misrepresentation by a New York based insurance company regarding a "non-smoking" premium rate. Staff was directed to provide copies to Commissioners and to forward a copy to the State Insurance Commission for their review.

STAFF REPORT

Lee Millen, Senior Staff, reported the following:

- Provided CAO Legislation; Status of Bills of interest to the County that is being reviewed by the Intergovernmental Relations Division. However, there are no positions to report on;
- State Insurance Commissioner Poizner's office has been contacted for his attendance at a future Commission meeting;
- A packet was mailed out previously with pertinent news articles; a Sacramento

update and a listing of Assembly Committee Chairs and Members that can be used for individual research and informational purposes;

- The Commission on Insurance 2007 meeting schedule has some dates (May 24, July 26, September 27, and November 29) that overlap with another Commission;
- The draft response to Blue Cross from Commissioner Binder has been received (copy on file) and action is pending;
- Contacted Rocky Armfield who will provide Chairman Svonkin with a listing of points of interest; Mr. Armfield will also provide proposed changes and/or improvement to TRIA; draft of the proposed dispute resolution, and any further updates at the next Commission meeting;
- Agenda item # 8, **DISCUSSION ON POINTS OF INTEREST AS RECOMMENDED BY COMMISSIONERS AND INSURANCE COMMISSIONER GARAMENDI**, items 1-6; contacted Patricia Staggs, Assistant Chief Counsel, Corporate Affairs Bureau, State Department of Insurance, who advised that annual reports are available, however, they are voluminous, and regarding Sudan/Darfur, independent research is required. Also, she recommended the National Association Insurance Commission as a resource [A request has been submitted and their response is pending.].
- Agenda item #10, **DISCUSSION ON WHETHER ANY INSURANCE COMPANIES IN CALIFORNIA ARE CONDUCTING BUSINESS WITH SUDAN/DARFUR, AND IF SO, CAN THE COMMISSION ON INSURANCE OBTAIN A LIST OF THESE AGENCIES**, Supervisor Burke has raised concerns about this issue, specifically with LACERA investments, and has requested LACERA's review [*copy on file*].

Chairman Svonkin directed Staff to:

- Follow-up on health care issues and legislation with the CAO, et. al.;
- Extend meeting dates to State Commissioner Poizner for his consideration to attend a Commission on Insurance meeting or for Commissioners to meet with him in his office;
- Contact Rocky Armfield regarding the information he will provide to the Commission at its next meeting;
- Contact appropriate entities to gather data on referenced Agenda item # 7(**State legislation on health care issues**);
- Contact the National Association of Insurance Commissions regarding Agenda item # 8, and identify as to whether the Sudan/Darfur annual statement is available on-line [*A request has been submitted and their response is pending, and only hard copies are available.*];
- Contact Supervisor Burke's appointees on the Commission regarding their review of the matter with Supervisor Burke's office concerning LACERA investment question(s) and Sudan/Darfur investments by the County.
- Address the Commission's meeting schedule at its next meeting;
- Provide update on any Blue Cross of California correspondence; and

- Provide an update on invitations to the Los Angeles County Bar Association, CPA Association, California Association of Realtors, and the Travelers' Association to attend a Commission meeting for research and informational purposes on the issue of insurance coverage provided by large medical carriers for professional associations.

Following discussion, the Commission agreed to move the scheduled meeting of May 24, 2007 to May 10, 2007, as its next regular meeting date.

Following further discussion, Staff was directed to contact internal sources, i.e. the Auditor Controller's Office and the CAO, regarding existing investments on the issue of Sudan/Darfur.

The Commission unanimously agreed to extend their support and service to the Board of Supervisors on issues that concern the County; specifically that of investments related to Sudan/Darfur.

RICHARD GIRGADO, DEPUTY COUNTY COUNSEL

Chairman Svonkin welcomed Richard Girgado, Deputy County Counsel, on behalf of the Commission.

Richard Girgado greeted the Commission and reported on his current assignments, work experience, and made himself available to the Commission.

In response to the Commission, Mr. Girgado will provide research information regarding the Commission's authority to issue subpoenas *[e-mail response on file]*.

The Commission thanked Mr. Girgado for his attendance.

DISCUSSION OF SUB-COMMITTEES CREATED BY THE COMMISSION AND COMMISSIONER'S INTEREST IN BEING APPOINTED

The Commission agreed to review the listing of all Sub-Committees created by the Commission that was provided by Staff, and submit their first, second and third choices of Sub-Committees they wish to participate on. Staff was directed to tally the information and present data at the next meeting.

DISCUSSION OF STATE LEGISLATION ON HEALTH CARE ISSUES

The Commission referred to and discussed the following motion, which was carried at its February 20, 2007 meeting:

“On motion of Commissioner Torres, seconded by Commissioner Vicencia and unanimously carried, the Commission directed staff to contact the Chief Administrative Office (CAO) regarding any State legislation on health care issues, including the standardization of an insurance application for health and medical coverage and any other pertinent insurance issues”.

Following discussion, the Commission agreed to postpone and carry this agenda item over to the next Commission meeting scheduled on May 10, 2007 pending further research and information.

Following further discussion, on motion of Commissioner Callagy, seconded by Commissioner Lohr and unanimously carried, the Commission directed Staff to compose a draft memo for submittal to the Board of Supervisors to approve and offset the Commission's proposed visit to Sacramento in pursuit of legislation/inquiries as it relates to insurance/health care issues [*draft Board letter forwarded to Chair*].

DISCUSSION OF LEGISLATION AS IT RELATES TO POINTS OF INTEREST (1-6) AS RECOMMENDED BY COMMISSIONERS AND INSURANCE COMMISSIONER GARAMENDI (CAO)

Staff was directed to continue making contact with the appropriate entities and gather additional information to be presented at the Commission's next meeting.

HONORING STATE ASSEMBLYMEMBER, CURREN D. PRICE, JR., 52ND DISTRICT, FOR HIS YEARS OF DEDICATED SERVICE TO THE COMMISSION ON INSURANCE, AND FOR HAVING CONTRIBUTED TO THE SUCCESS OF THE COMMISSION; ADDITIONALLY, FOR HIS MOST RECENT ACCOMPLISHMENT IN BEING ELECTED A STATE ASSEMBLY MEMBER

Chairman Svonkin presented a certificate of recognition on behalf of the Commission on Insurance to Assembly Member Curren D. Price for his 6 years of service to the Commission, and for his recent election to the State Assembly.

Assembly Member Curren D. Price expressed appreciation for the opportunity to work as a Commissioner on the Commission on Insurance and serve the County of Los Angeles. He reported that his new Committee assignments include the Jobs and Economy, Government Organization, and Business and Profession Committees, and that he serves as the Chairman of the Election Committee.

Also, he is currently working with election related bills regarding the re-districting of LA County, bills that encourage business and student loans, and job protection. Assembly Member Price advised that he looks forward to a continued relationship with the Commission on Insurance and extended his support.

Chairman Svonkin expressed pride that a colleague has been elected to State office and noted that the Commission looks forward to continue working together. Commissioners thanked Assembly Member Price for his attendance and extended their best wishes for much continued success.

(A photo session ensued with Assembly Member Price)

DISCUSSION ON STANDARDIZED INSURANCE APPLICATION FOR USE BY ALL CALIFORNIA INSURANCE COMPANIES THAT CANNOT BE RESCINDED AND/OR CANCELLED WITHOUT REASONABLE PROOF OF INTENTIONAL NEGLIGENCE ON BEHALF OF THE APPLICANT

The Commission reviewed and discussed the following motion, which was passed at its February 20, 2007 meeting:

“On motion of Commissioner Callagy, seconded by Commissioner Binder (Commissioner Torres abstained) and duly carried, the Commission will request that the Board of Supervisors work with the State Legislature to approve a standardized insurance application for use by all California insurance companies that cannot be rescinded and/or cancelled without reasonable proof of intentional **negligence** on behalf of the applicant”.

Following discussion, Commissioner Callagy, the maker of the motion, agreed to replace the word “*negligence*” with “*misrepresentation*”.

Following further discussion and without objection, Chairman Svonkin tabled this motion to a future Commission meeting.

PUBLIC COMMENT

There was none.

MATTERS NOT POSTED ON THE AGENDA

Commissioner Binder requested that the Commission agendaize discussion of insurance coverage provided to professional associations by large medical carriers. Chairman Svonkin suggested inviting the Los Angeles County Bar Association, CPA Association, California Association of Realtors, and the Travelers’ Association for research and informational purposes regarding this issue.

Commissioner Callagy requested that the Commission agendaize a discussion regarding the Commission’s Sacramento trip for research and data gathering, and request approval by the Board of Supervisors.

ADJOURNMENT

There being no further business and without objection, the meeting was adjourned at 12:18 p.m.

ATTENDANCE

Staff

Lee Millen, Senior Staff, Board of Supervisors
Gabriel Alexander, Staff, Board of Supervisors

Guests

State Assembly Member, Curren D. Price, 52nd District